

# FISCAL NOTE

**Bill #:** HB0738

**Title:** Vehicle liability insurance pool for low-income persons

**Primary Sponsor:** Cohenour, J

**Status:** As Introduced

Sponsor signature	Date	Chuck Swysgood, Budget Director	Date
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## Fiscal Summary

	<b><u>FY 2004 Difference</u></b>	<b><u>FY 2005 Difference</u></b>
<b>Expenditures:</b>		
General Fund	\$13,252	\$0
State Special Revenue	\$198,520	\$842,426
<b>Revenue:</b>		
General Fund	\$0	\$0
State Special Revenue	\$495,059	\$842,426
<b>Net Impact on General Fund Balance:</b>	<b>(\$13,252)</b>	<b>\$0</b>

- |   |  |
|---|--|
| <input type="checkbox"/> Significant Local Gov. Impact              | <input checked="" type="checkbox"/> Technical Concerns           |
| <input type="checkbox"/> Included in the Executive Budget           | <input type="checkbox"/> Significant Long-Term Impacts           |
| <input checked="" type="checkbox"/> Dedicated Revenue Form Attached | <input checked="" type="checkbox"/> Needs to be included in HB 2 |

## Fiscal Analysis

### ASSUMPTIONS:

#### **Department of Justice**

1. The calendar year motor vehicle counts will be similar to the fiscal year motor vehicle registration statistics. Historically, 60 percent of motor vehicle registration occurs January through June.
2. In 2002 there were 808,128 light vehicles, heavy vehicles, and motor home registrations or re-registrations. Based on these figures with an annual growth rate of 2.1 percent, the \$1.00 fee provided in 61-3-321(9), MCA, would generate approximately \$495,059 in FY 2004 and \$842,426 in FY 2005.
3. Costs for programming and computer processing time in FY 2004 will be \$13,252 to add a fee code, add the calculation of this fee to the fee calculation routines, and apply the fee only to light vehicles, heavy trucks, and motor homes.

#### **State Auditor's Office**

4. This bill creates a pooled motor vehicle liability insurance program for low-income people. The State Auditor's Office (SAO) will design and operate this program for equitable apportionment among voluntarily participating insurance companies for people wishing to obtain motor vehicle liability insurance.

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5. To qualify for this new program, participant's income for the preceding 12 months could not exceed 175 percent of the federal poverty level as determined by the United States Bureau of the Census.
6. There is a state special revenue account statutorily appropriated to the SAO for 90 percent of the fees collected by this bill, or \$445,553 in FY 2004 and \$758,183 in FY 2005. This state special revenue account will provide the funds needed to operate this plan and make the insurance payments provided for by this bill. A dedicated revenue form is attached
7. Two FTE, a grade 13 accountant and a compliance specialist, will implement this new program. These FTE will be hired January 1, 2004.
8. SAO will develop a database to monitor people who qualify for this insurance program. Development of this database is estimated to cost \$75,000.
9. SAO estimates 116 people will be served in FY 2004 and 1,594 will be served in FY 2005.

**FISCAL IMPACT:**

	<u>FY 2004</u> <u>Difference</u>	<u>FY 2005</u> <u>Difference</u>
<b>Department of Justice</b>		
<b>Program 12 Motor Vehicle Division-HB2</b>		
<u>Expenditures:</u>		
Operating Expenses	\$13,252	\$0
Transfers	<u>445,553</u>	<u>758,183</u>
TOTAL	\$458,805	\$758,183

**Funding of Expenditures:-HB2**

General Fund (01)	\$13,252	\$0
State Special Revenue/LI Insurance (02)	\$445,553	\$758,183

**Program 18 Div. of Criminal Investigation-SA**

<u>Expenditures:</u>		
Benefits	\$49,506	\$84,243

**Funding of Expenditures:**

State Special Revenue/Crime Victims (02)	\$49,506	\$84,243
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**Revenues:**

State Special Revenue/LI Insurance (02)	\$445,553	\$758,183
State Special Revenue/Crime Victims (02)	\$49,506	\$84,243

**State Auditor's Office**

**Program 03 Insurance Division-SA**

<u>FTE</u>	1.00	2.00
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**Expenditures:**

Personal Services	\$34,772	\$69,544
Operating Expenses	91,042	20,000
Benefits	<u>23,200</u>	<u>668,639</u>
TOTAL	\$149,014	\$758,183

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(continued)

FISCAL IMPACT: (continued)

	<u>FY 2004</u> <u>Difference</u>	<u>FY 2005</u> <u>Difference</u>
<u>Funding of Expenditures:</u>		
State Special Revenue/LI Insurance (02)	\$149,014	\$758,183
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>		
General Fund (01)	(\$13,252)	\$0
State Special Revenue/LI Insurance (02)	\$296,539	\$0
State Special Revenue/Crime Victims (02)	\$0	\$0

TECHNICAL NOTES:

1. This bill does not set the percentage that a county can charge and retain for collecting this fee; thus it allows each county to charge and retain differing amounts.
2. Revenues generated by the \$1.00 would be significantly reduced beginning in calendar year 2005 if SB 435 is passed.
3. The bill would be conforming to the intent of HB 124 (2001) if it provided for the fee to be deposited directly to the state general fund, and then provided for a subsequent transfer from the state general fund to the Motor Vehicle Liability Insurance for Low Income Persons Program and to the Crime Victim Services Program state special revenue account based on counts of motor vehicles, as is done with the other motor vehicle revenues.

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(continued)

**DEDICATION OF REVENUE:**

- a) Are there persons or entities that benefit from this dedicated revenue that do not pay?  
(please explain)  
Possibly, if somebody would receive motor vehicle insurance provided by this bill, but not own a vehicle and thus not pay the vehicle registration fee used to fund this program.
- b) What special information or other advantages exist as a result of using a state special revenue fund that could not be obtained if the revenue were allocated to the general fund?  
None
- c) Is the source of revenue relevant to current use of the funds and adequate to fund the program activity that is intended? Yes / No (if no, explain)  
Yes
- d) Does the need for this state special revenue provision still exist? \_\_\_ Yes \_\_\_ No (Explain)  
Yes
- e) Does the dedicated revenue affect the legislature's ability to scrutinize budgets, control expenditures, or establish priorities for state spending? (Please Explain)  
No, the legislature would still have the ability to oversee the budget for this program.
- f) Does the dedicated revenue fulfill a continuing, legislatively recognized need? (Please Explain)  
If this bill passes, then the dedicated revenue does fulfill a legislatively recognized need to fund the motor vehicle insurance plan for low-income drivers.
- g) How does the dedicated revenue provision result in accounting/auditing efficiencies or inefficiencies in your agency? (Please Explain. Also, if the program/activity were general funded, could you adequately account for the program/activity?)  
The dedicated revenue provision provides unique funding source used only for the motor vehicle insurance plan for low-income drivers. If the program was funded with general fund it would not affect our accountability related to this program.